

# INTERCHANGE

CSX Transportation and America's Short Lines: Connecting For Growth

Winter 2014



AWARDS AND RECOGNITION  
OPPORTUNITIES FOR GROWTH  
NEWS AND NOTES

## 2014 – A Year of Strong Growth

**At the end of May, CSX interline volumes with the short line industry were 2.5 percent favorable to 2013, or 8,540 carloads. At the end of October, volume gains reached almost 24,000 carloads, or a 3.5 percent improvement.**

Strength in Agricultural Products, Chemicals, Minerals, Metals, and Paper and Forest Products drove these results, with all of these business units delivering greater than four percent interline growth with our short line partners. Domestic utility coal has also experienced a huge turnaround since earlier this year, and has helped produce an almost two percent improvement to our short line coal volumes. These are fantastic results!! We expect to close the year at more than 855,000 carloads with our interline partners. Adding volumes that move in conjunction with switch carriers, we will exceed 1.1 million carloads handled with all short lines.

This performance is testimony to the collaboration and cooperation among rail industry partners. Earlier this year, the largely unanticipated strength in business levels

caused congestion and network service challenges for almost all the Class I railroads. Working with our short line partners, CSX strove to mitigate network service issues through focus on its interchange service at short line interchanges. This effort will continue as part of our Total Service Integration – Carload Initiative ("TSI – Carload").

**As we close 2014, we need our short line partners to stay focused on interchange service efficiency, and continue to focus on turning equipment as quickly as possible. Presently, almost all car types are stressed. The better all of us do to improve the velocity of the boxcar, gondola, and open top and covered hopper fleets, the higher the satisfaction levels of our mutual customers will be.**

Service levels have stabilized at CSX, and we are adding resources to alleviate congestion and improve the fluidity of our network. CSX has put more than 300 new crew members in service this year, and we will have 1,300 more in training by the end of the year. We have

300 new locomotives on order, with 200 being delivered throughout 2015. Strategic infrastructure projects aimed at reducing congestion and enabling future growth are almost finished.

Our business outlook remains favorable, with over 90 percent of the markets stable or improving for the foreseeable future. Crude oil, frac sand, LPG, metals, and domestic coal should all continue to grow. With ongoing commercial and operating focus from our short line partners, the end of 2014 and beginning of 2015 look very promising. We appreciate your continued business development efforts, and look forward to working with you to sustain and improve rates of profitable growth in the future.

Best wishes for a safe and enjoyable holiday season.

– Len Kellermann

## New Work Order Enhancements on ShipCSX

Thanks to your comments and reviews of our ShipCSX tool, we're about to launch enhancements to the Work Orders tools.

Starting in early 2015, you're going to see these new modules in your ShipCSX toolbox. They are proactive alerts about changes to your service so that you can better schedule your resources.

If you are using ShipCSX, you will have the ability to sign up for these notifications:

### Train Annulment/Service Exception Notice

This is an alert that will be sent informing you that your local industrial train for that date will not be working your location.

### My Work Order Notice

This notification informs you of work planned at your interchange location accompanied by a list of cars the crew plans to work.

### Work Order Exception Notice

This alert is sent to notify you that the CSX crew is unable to perform some portion of the scheduled work at your location.

**We appreciate your feedback.**  
Please let your account manager know if you have any suggestions for further enhancements to our ShipCSX tools.

## SHORT LINE COMMERCIAL METRICS

As of October 27, 2014 2014 Carload Change	Carload Volume	Change from 2013
Agricultural Products	110,659	8,680
Automotive	3,874	(2,895)
Chemicals	121,064	6,532
Coal, Coke & Iron Ore	193,229	2,603
Food & Consumer	7,085	(432)
Forest Products	78,216	3,303
Metals	72,231	2,842
Minerals	57,258	4,126
Phosphates & Fertilizers	22,291	627
Waste & Equipment	37,296	(1,427)
Sum:	703,203	23,959



## Short Line Partners Latest Focus of Safety Training Effort

**CSX is conducting the most extensive campaign in the industry to educate and train its commercial partners and community emergency responders in railroad safety.**

No other railroad has two separate safety trains and a SWAT train crisscrossing its network to provide ongoing classroom and hands-on safety instruction.

CSX's short line partners in the Northeast are some of the most recent recipients of that training. In 2014, 18 participants attended the CSX Short Line Safety Workshop – a one-day intensive instruction session for short lines on the grounds of the Hopedale, Mass., Fire Department and the nearby Grafton & Upton rail yard. Their classroom instruction included an overview of environmental systems and compliance issues, a review of hazmat shipments commonly transported by rail, emergency response techniques, and industrial hygiene concerns such as hearing and respiratory safety. Classroom instruction was followed by a hands-on exercise on the CSXT Safety Train, with participants learning the proper inspection practices for tank car valves and fittings.

"With this program, we are conveying essential concepts of hazmat awareness and emergency response," said Gabe Treesh, director-Chemical Safety. "Each year, we provide three training sessions – the first, like this one, as a regional one-day session, and then two additional intensive sessions at the REDI in Atlanta. For our short line partners, we want participants to come away firmly grounded in full and proper car inspection techniques and preparation for emergency situations."

Since the inception of the short line safety workshops in 2004, more than 400 short line representatives have participated in the training.



CSX conducts its safety program in conjunction with the Safety Train, Firefighters Education and Training Foundation and in cooperation with the American Short Line and Regional Railroad Association, all of whom share the common goal of ensuring safe transport of rail shipments for their customers.

### **Safety Training Program Expanded in 2014**

CSX expanded its Safety Train program along key routes in 2014 to include training

specific to crude oil movements. The CSX Safety Train Energy Preparedness Program began the process in May in Philadelphia. In the first phase, with stops between Philadelphia and Chicago, more than 1,300 first responders from more than 250 organizations in more than a dozen cities and towns received the training. The second phase took place this fall, with visits to multiple Mid-Atlantic locations.

The CSX Safety Train is comprised of a locomotive, four tank cars, one flat car equipped with a variety of tank car valves and fittings, two classroom cars and a caboose. CSX hazardous material specialists lead training sessions with specific instruction on how crude oil and other hazardous materials are shipped. Working in partnership with the Firefighters Education and Training Foundation, the training offers firefighters, police officers, emergency management professionals and other first responders a foundation on how rail cars work and how to deal with rail-related incidents.

The CSX Safety Train program is a continuing service for training emergency responders and customers. Over the past six years, CSX has reached more than 100,000 first responders at training centers operated by CSX and the Association of American Railroads. In addition, CSX has provided classroom training at local fire stations, exercises and table-top drills, online and self-study courses.

## Save the Date!

We are pleased to announce our 26th Annual Short Line Workshop, which is scheduled for March 1-3, 2015, at The Ritz-Carlton Resort in Amelia Island, Florida.



This is an excellent opportunity for discussions about prospects for profitable business growth among CSX and our short line partners in the year ahead. You can expect presentations from CSX senior leaders, including the keynote address by Chairman, President and CEO Michael Ward. We will again host our popular Trade Show, where you will have the opportunity to network with representatives of various CSX departments. Registration information and the agenda will be available in December and January. We invite you to register for the workshop. [See you in March!](#)

## Short Line Standings through October

INTERLINE OR JUNCTION:	Incremental Volume (Carloads)	INTERLINE OR JUNCTION:	Percentage Increase
Evansville & Western Railway (EVWR)	8,836	Chesapeake & Indiana Railroad (CKIN)	370%
Marquette Rail (MQT)	4,062	Ashland Railway (ASRY)	223%
Wheeling & Lake Erie Railway (WE)	3,746	AN Railways (AN)	126%
R. J. Corman Railroad/Memphis (RJCM)	3,501	Cape Fear Railways, Inc. (CF)	122%
Ashland Railway (ASRY)	3,238	Grand Elk Railroad (GDLK)	76%

SWITCH:	Incremental Volume (Carloads)	SWITCH:	Percentage Increase
Norfolk & Portsmouth Belt Line Railroad (NPB)	6,966	Indiana Railroad Company (INRD)	95%
Indiana Harbor Belt Railroad (IHB)	4,938	Norfolk & Portsmouth Belt Line Railroad (NPB)	75%
Albany Port Railroad Corp. (APD)	3,203	SMS Rail Service (SNY)	71%
Golden Isles Terminal Railroad (GITM)	2,142	R. J. Corman Railroad/Central Kentucky Lines (RJCC)	67%
Youngstown Belt Railroad (YB)	1,934	Albany Port Railroad Corp. (APD)	54%

## Continuing Our Commitment: Moving Toward Recovery

CSX sent the following correspondence to all of its customers in 2014 as an update on the current rail congestion challenges and measures we're taking to overcome them. We are including the content here in case you missed it. Rest assured that we'll continue to work closely with you in our day-to-day operations to improve our service performance.

Here's where things stand with respect to service. The bottom line: service is stabilizing, having improved in key locations and key markets since we wrote to you last. Improvements are expected to continue in 2015.

Service has stabilized even while CSX is taking on extraordinary, and exciting, volume increases. There are two primary reasons. First and foremost, our employees have done a terrific job, day in and day out. Second, CSX has invested quickly and

substantially in additional resources. We've seen some benefits from those investments already and expect to see more, especially as new crews, locomotives and track capacity projects are put in place.

There is significant work and needed improvement ahead. There is no doubt that the CSX team is up to that challenge. We'll keep you updated, but for now want to share the following information on additional resources:

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### More Locomotives – Purchasing, Leasing, Repairing and Rebuilding

- A total of 300 new locomotives were bought under an agreement signed in 2014. Deliveries will start in early 2015.
- CSX has already increased active locomotives by more than 10 percent – or 375 units – since 2013.
- A new locomotive servicing shop is operating in Chicago to help maintain the larger fleet.
- At least 35 net new shop craft employees were added to accelerate maintenance, heavy repairs and rebuilds.

### More Crews – Especially in Strained Areas

- We increased train and engine crew bases in areas heavily impacted by strong volume, including Garrett, Ind., and Selkirk and Buffalo, N.Y.
- CSX promoted more than 720 new conductors and 370 new engineers, more than offsetting attrition and providing incremental resources to move customers' freight.
- Another 750 train and engine employees were in training mid-2014 and hiring of more continues.

### Significant Track Capacity Additions and Operating Process Adjustments

- CSX incorporated the newly acquired and restored Elsdon Subdivision into normal operations to enhance flows into and out of Chicago and is continuing to use alternate gateways to relieve pressure there.
- With expanded capacity, additional crews and better industry coordination, the Chicago interchange has been more fluid.
- New track capacity opened on the River Line between Selkirk and northern New Jersey.
- New staging tracks in Selkirk help reduce congestion across the Northern Tier.
- CSX is increasing the number of customers who receive five-days-a-week service to continue to improve local deliveries. Local service was a consistently bright spot in 2014, even with heavy volumes and weather issues.

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At CSX, we want you to know that we appreciate your business and your patience as we work to restore service to the levels you have come to expect. Thank you.

## 2014 CSXT Short Line Caucus Committee Members

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## Promotions



**Rich Howell** is joining the Regional and Short Line Development team as our Southeast Manager of Short Line Development. He will be responsible for business development, relationship management and coordination of activities with our short line partners. Historically, short line partners in this geographic region originate or terminate more than 235,000 interline carloads of business with CSX.

Rich brings to this role 20 years of railroad experience, most recently as market manager for our Machinery team. He was responsible for the Military market, successfully managing CSX's heavy volume during the wars in Iraq and Afghanistan.

Rich began his career in operations in Louisville, Ky., and advanced through management positions in Customer Service and Sales, covering Chemicals, Paper and Forest Products markets. He holds a bachelor's degree from the University of Kentucky and an MBA from the University of North Florida.

We welcome you to contact Rich and introduce yourself and your organization at your earliest convenience. Contact him by email at [Rich\\_Howell@csx.com](mailto:Rich_Howell@csx.com) or by phone at 904-366-5058.



## Important CSX Contacts

### Railroad Emergencies

800-232-0144

### Clearance Bureau

800-581-5049

### Interline Reporting Issues

Dave Barefield, 904-279-5376

Dave\_Barefield@csx.com

Sheldon Morant, 904-279-4990

Sheldon\_Morant@csx.com

### Interline Service Agreements

Skip Fogg, 904-359-1218

Ed\_Fogg@csx.com

### Junction Settlement/Interline Accounting

Pam Byers, 904-279-4531

Pam\_Byers@csx.com

### Load Engineering & Design

Terry Smith, 904-279-6378

Terry\_Smith@csx.com

### (Required for loads in excess of)

More than 11 feet high

More than 11 feet wide

More than 60 feet long

Shorter than 18 feet long

Heavier than 150,000 pounds

### Mechanical Department

904-366-4003

### Car Management

Kyle Campbell, 904-359-3346

Kyle\_Campbell@csx.com

### Car Accounting

Dale Cassels, 904-279-6905

Dale\_Cassels@csx.com

### Commercial Contacts

#### Short Line Development

Len Kellermann, 904-366-4191

Jason Kerkezi, 904-359-7419

Dave Scott, 856-778-5119

Rich Howell, 904-366-5058

Charles Roots, 904-359-1964

#### Regional Development

800-226-5962

#### Inside Sales

877-744-7279 Option 5 - 1

#### Service Start Up & Integration

Gary Gambill, 904-359-1267

Gary\_Gambill@csx.com

## Customer Service

**877-744-7279**

**1-877-ShipCSX**

### Shipment Information

Divert/Reconsign a shipment

Option 5 – 2 – 2

Touch Trace

Option 5 – 3

### E-Business Tools

ShipCSX or EDI

Option 2 – 1

### Problem Resolution

Option 5 – 6

### Freight Claims

Option 5 – 5 – 1

Visit the CSX Short Line website at  
[www.csx.com](http://www.csx.com) > Customers > Short Line and Regional Railroads

## Market Manager Look-Up Tool

Use the web-based CSX Market Manager Look-Up Tool to help you find the correct contact information faster.

To find a market manager for a commodity, follow the steps below:

**[www.csx.com](http://www.csx.com) > Customers > Tools > Market Manager Look-Up**

From here, you can find the correct market manager by STCC, commodity description or employee name. Once you enter one of the three search criteria, the correct market manager and contact information will appear.



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8

CSX Interchange

## AN Railway Helps Fulfill Commitment to Restore Chesapeake Oyster Beds

**In the spring of 2014, Maryland Governor Martin O'Malley called CSX CEO Michael Ward with a request: Would CSX be willing to transport trainloads of high-quality fossilized oyster shells from Florida to Maryland?**

The purpose was to restore the fabled oyster beds of the Chesapeake Bay. CSX gave the go-ahead, and in collaboration with Genesee & Wyoming's AN Railway, put together a plan to move 26 trainloads of shells at cost from the Gulf Coast Aggregates quarry near Carrabelle, Fla., to their destination in the bay.

The shells are estimated to be more than two million years old and are of the highest quality of any along the U.S. coastline, according to the National Fish & Wildlife Foundation, which is another collaborator on the project. In the absence of sufficient natural, affordable shells to do the job, the ancient shells are more than adequate.

Problems with the oyster population in the Chesapeake have come after years of pollution and over-harvesting. To repopulate the beds, young oysters prefer a shell-based hatchery to grow and develop to

adulthood. The Florida-spawned shells will serve as an ideal base for the beds with the added advantage, as limestone products, of helping to purify the water in the bay.

Once delivered by train to a conveyor belt at CSX's Curtis Bay Coal Pier, the estimated 112,000 tons of shells were placed via barge to form bars in the 377-acre Harris Creek sanctuary and nearby Little Choptank. Oysters planted on the bars are expected to be of reproducing age by 2016.

The AN team went above and beyond the call of duty to accommodate all the requests from CSX and the National Fish and Wildlife Federation to keep the shell trains moving as efficiently as possible. Soon their hard work will reap the reward of a new population of oysters in a cleaner, more productive Chesapeake Bay.

